

FEBRUARY 2022

Summerfruit

Strategic Investment Plan 2017-2021

PERFORMANCE REPORT



Summerfruit SIP performance report

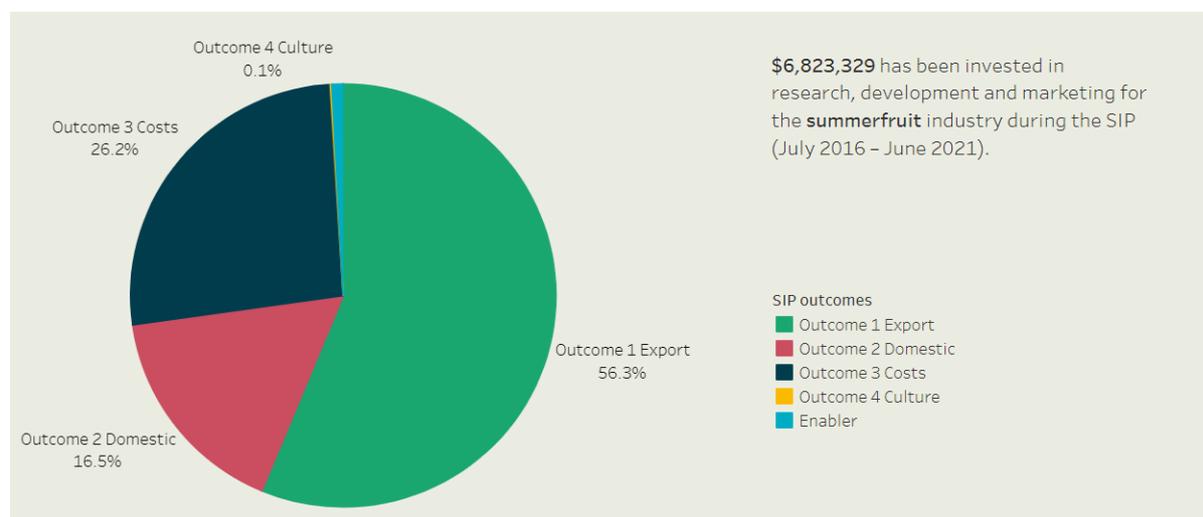
This performance report reviews the performance of levy investments delivered against the summerfruit Strategic Investment Plan (SIP), which was active for the 5-year period from 2016/17 to 2020/21. The SIP was developed to strategically guide research and development (R&D) and marketing levy investment in accordance with core industry priorities. The SIP featured four outcome areas, 18 strategies and 16 key performance indicators (KPIs), summarised in Table 1. A total of \$6.8 million was invested into the Summerfruit Fund over the 5-year period of the SIP. The total investment expenditure allocated against each outcome is provided in Figure 1.

Table 1: Summerfruit SIP outcomes

Outcome	Description	Expenditure allocation*
1. Export	Industry has developed a diversified export market portfolio to absorb growing production volumes	56.3%
2. Domestic	The value of fruit sold on the domestic market is increased to restore grower margins	16.5%
3. Costs	Costs have reduced at every level of the supply chain to grow industry profitability	26.2%
4. Culture	An industry culture of continuous improvement has been embedded to support long-term economic sustainability	0.1%

*Total investment \$6.8 million as of June 2021. Balance of expenditure comprises of enabler investments, which includes expenditure to support the delivery of the SIP including advisory meeting and publication costs.

Figure 1: Summerfruit SIP investment expenditure analysis



SIP performance analysis

This performance report reviews the investment achievements delivered within each outcome area that have generated impact for growers. The overall status of each strategic area, informed through an assessment of KPI performance, is also provided. The evaluation status and criteria were:

Strategic area status	Criteria
Achieved	KPIs for this strategic area were met
In progress	Investment delivery remains ongoing
Not achieved	Investment was not prioritised in this strategic area

The results have been informed from evidence compiled through reviewing investment documentation and engagement with project managers. Outcomes generated through the investments are documented and brief case studies of flagship performance and impact for each outcome area are also provided.

Outcome 1: Export – Industry has developed a diversified export market portfolio to absorb growing production volumes

With a projected increase in production from plantings and a relatively flat domestic market the summerfruit SIP 2017-2021 deemed it essential that export volume growth be at least 20% over the 5-year period of the SIP.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support summerfruit exports are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Develop a 5-year holistic and diversified export market development plan	Achieved
Develop and agree a market access pathway plan and business cases	Achieved
Continue to invest in export readiness and capability focusing on high-priority markets	Achieved
Conduct R&D on variety selection to ensure the fruit meets the preferences and expectations of overseas customers	Achieved

KPI callouts:

- The *Australian Horticulture Statistics Handbook* (HA18002) reported total summerfruit exports at the end of the SIP were 56% higher than before development of the SIP, exceeding the SIP target of a 20% increase. Export volumes grew from 14,366 tonnes in 2015/16 to 20,983 tonnes in 2020/21, reaching a high of 23,045 tonnes in 2018/19.
- Mainland China was the largest growth market, with Australian exports volumes commencing in 2016/17 and increasing by an average 57% per year (CAGR), to become Australia's largest summerfruit market with 54% of exports in 2020/21.
- *Summerfruit export readiness and market access* (SF17000, SF17000a and SF17000b) established a robust pathway for the Australian summerfruit industry to export a range of fruit products to China and grow existing and potential exports into other overseas countries. (See case study below.)
- The *Summerfruit Export Strategy* (SF17001) ran between 2017 and mid-2018. A key focus of the strategy was volume-led goals in premium markets, targeting specifically Canada, China, Malaysia, Thailand, and Vietnam. Individual goals were allocated for peaches and nectarines, plums and sloes, and apricots.
- The project *Comparing stonefruit ripening, quality and volatile composition* (SF15001) assisted Australian summerfruit producers to harvest peaches and nectarines at the optimum maturity, allowing the fruit to continue development and ripening throughout storage and handling systems, resulting in greater customer satisfaction in both domestic and export markets.

Case study: Summerfruit export readiness and market access (SF17000)

In the 2016/17 season, the first phytosanitary-legal shipments of Australian nectarines were made to mainland China. To support sustainable industry export growth, this project developed a robust pathway for the Australian summerfruit industry to export products to China and grow existing and potential overseas markets for the life of the project.

Through the delivery of monthly and annual export reports, industry training road shows, preparation and submission of export registration lists, market access applications, and coordination with international trade events, the project focussed on:

- The establishment of new, robust, supply chains that would supply summerfruit products that Chinese importers and retailers require and to train/lead the Australian industry to supply such fruit every year
- Developing the export capability of the Australian summerfruit industry and facilitating exports to other key markets including Hong Kong, the Middle East, Singapore, Malaysia, Indonesia, Taiwan, Thailand and Vietnam.

As a result of the project's activities, Australian summerfruit growers, packers, and exporter/marketers were increasingly aware of and able to efficiently and effectively utilise the protocols for export of summerfruit to mainland China and other export markets of significance.

Over the course of the project, volume exports of Australian summerfruit increased by an average annual 8% (CAGR) to reach 17% of total fresh production in 2020/21 (up from 10% in 2016/17). The growth was particularly driven by an annual increase in exports to China of 57% (CAGR), which grew from a 4% to 54% export market share for Australian summerfruit (particularly peaches, nectarines, and plums). Other key growth markets in volume terms over the 5-year period of the SIP were 501 tonnes to Canada (57% annual growth), 336 tonnes to Taiwan (45% annual growth) and 300 tonnes Indonesia (18% annual growth).

Outcome 2: Domestic – The value of fruit sold on the domestic market is increased to restore grower margins

Although there was a strong focus in the summerfruit SIP 2017-2021 on building export markets, it was also deemed critical the industry continued to support the domestic market. It was recognised that summerfruit products face extensive domestic competition during the peak season from other products, including table grapes, berries, melons and tropical fruits, creating the need for development of a selling proposition for Australian summerfruit.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support summerfruit domestic sales are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Develop a domestic marketing strategy with a focus on building consumer engagement through product differentiation and usage information	Achieved
Engage with supermarkets on category management to improve the consumer experience and reduce wastage	Achieved
Conduct supply chain efficiency R&D to improve both the eating experience and pack-out rates	Not achieved
Implement a domestic product traceability program with a view to then applying it to export supply chains	Not achieved
Scope out a new generation of processed products and opportunities to use processing grade fruit	Not achieved

KPI callouts:

- The *Australian Horticulture Statistics Handbook* (HA18002) reported that the average wholesale value of summerfruit over the 5-year period of the SIP was 7% higher than the average before development of the SIP. This result was driven by a 10% price increase and a 3% production decrease over the same period. A decline in production volumes, primarily for peaches/nectarines in 2020/21, led to reduced market volumes over that period.
- In 2019/20 there were two key summerfruit in-store activities held – a quality trial to test the influence of early season fruit quality on the repeat purchasing of consumers, and in-store sampling to test the response of consumers to different fruit quality levels. A Brix level of 11 or higher was deemed sufficient to ensure consumer satisfaction.
- The objective of the Australian summerfruit marketing program was to grow consideration and preference and get more people eating more summerfruit more often. In 2018, a comprehensive consumer research program was run in partnership with Fiftyfive5 (project ST17516) to identify growth opportunities. Subsequently the domestic campaign focused on the creation and development of brand assets and content, which was amplified through social media and PR. Domestic consumption was further boosted through in-store activity conducted with major retailers. Twenty-four sampling sessions were held across retailers, resulting in 2,773 engagements with consumers. Over half of the shoppers that sampled indicated that they liked the natural sweetness of the fruit.

Outcome 3: Costs – Costs have reduced at every level of the supply chain to grow industry profitability

The Australian summerfruit has one of the highest costs of production in the world, largely due to high labour costs in Australia. Therefore the summerfruit industry considered it unlikely that Australia could ever reduce its cost to the same level as its overseas competitors who have cheaper labour costs. However, it was recognised in the summerfruit SIP 2017-2021 that every effort needed to be made for Australian summerfruit to be competitive in export markets.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support reduced costs of production of summerfruit are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Develop industry financial management skills to enable better understanding costs and profitability drivers	Not achieved
Continue with a prioritised R&D program to manage pest and disease challenges and threats	Achieved
Raise orchard and pack house management skills by introducing a Future Orchards® type extension program based on the model used by the apple and pear industry	In progress
Encourage development of regional orchard improvement groups by producing a guide to establishing one	Not achieved

KPI callouts:

- The SIP delivered a range of investments into pest and disease management including a review and updating of the *National biosecurity plan for the summerfruit industry* (SF17005) that provides a strategic framework to minimise pest and disease threats; and the *Summerfruit industry minor use program* (SF16001) to ensure the industry has ongoing access to the most effective crop protection inputs.
- The ongoing project *Experimental summerfruit orchard – phase II* (SF17006) is continuing research and extension for orchard management practices involving crop load, irrigation, rootstocks and canopy architecture on improving consistency in fruit quality. (See case study below.)

Case study: Experimental summerfruit orchard – phase II (SF17006)

From 2012 to 2017, the project *Increased stone fruit profitability by consistently meeting market expectations* (SF12003) established the world-class Stonefruit Field Laboratory at DEDJTR-Tatura in Victoria to investigate management practices to produce high-quality summerfruit and increase grower productivity and profitability.

With the trees reaching maturity/commercial production in the 2017/18, *Experimental summerfruit orchard – phase II* (SF17006) was contracted to continue research to develop orchard management recommendations from the project's many avenues of research.

In this ongoing project, investigations focused on the effect of orchard management practices involving crop load, irrigation, rootstocks and canopy architecture on improving consistency in fruit quality – including size, maturity and sweetness – for selected varieties of peach, nectarine, plum and apricot.

Throughout its course, the program has delivered information to industry including through regional road shows, conference presentations, orchard walks and tours, and online resources. Over the latest 6-month reporting period to September 2021 a total of 934 views were recorded for the available online material, including grower protocols and crop load experiments.

Results suggest that careful manipulation of key agronomic practices in the correct combination has the potential to improve yield, pack-out, and to reduce variability in fruit quality. In particular, key research outcomes to date have shown that rootstock selection impacts tree vigour and production capacity (peach and nectarine) and heavily thinned trees produce sweeter fruit among the summerfruit crops (peach, nectarine, plum and apricot) being investigated. Furthermore, deficit irrigation strategies at 40% of full irrigation levels during stage 2 of fruit growth maintained yield, fruit size and fruit quality in nectarine.

Outcome 4: Culture – An industry culture of continuous improvement has been embedded to support long-term economic sustainability

The summerfruit SIP 2017-2021 recognised the importance that the industry developed a culture of continuous improvement, given the rapid development of other southern hemisphere competitors

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support an improved summerfruit industry culture are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Introduce a workable production and crop forecasting system (potentially in collaboration with the cherry industry)	Not achieved
Provide scholarship for participation by industry leaders in industry management and governance development programs (Hort Frontiers)	Not achieved
Introduce young leaders overseas studies program	Not achieved
Introduce short-course leadership training modules for orchard and pack house supervisors/managers (Hort Frontiers)	Not achieved

This outcome was not prioritised for funding in the summerfruit SIP 2017-2021.